

Message Text

CONFIDENTIAL

PAGE 01 CAIRO 00768 141339Z
ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02
CIEP-01 LAB-04 SIL-01 OMB-01 AGRE-00 IO-13 /066 W
-----141525Z 042319 /65

R 141106Z JAN 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 598

C O N F I D E N T I A L CAIRO 0768

E.O. 11652: GDS
TAGS: ECON, EFOR, EG
SUBJECT: COST OF LIVING REVIEW, EGYPT

REF: (A) 76 CAIRO A-47; (B) 76 CAIRO 4236

1. EMBASSY HAS BROUGHT UP TO DATE COST-OF-LIVING DATA FOR EGYPT TRANSMITTED TO DEPARTMENT BY REF A (SEE ALSO REF B). INFORMATION DEVELOPED INDICATES SIGNIFICANT RISES DURING PAST YEAR IN LOCAL COST OF MEATS, VEGETABLES, HOUSING AND CLOTHING. GOE HAS HELD DOWN CONSUMER PRICES OF MOST OTHER ITEMS THROUGH RATIONING, PRICE CONTROLS AND DIRECT SUBSIDIES, ALTHOUGH INEFFICIENT GOE DISTRIBUTION SYSTEM AFFECTS MARKET AVAILABILITY OF BASIC CONSUMER GOODS. PRICES HAVE RISEN, AS WELL, FOR TOBACCO PRODUCTS AND LOCAL TRANSPORTATION.

2. A STRAIGHTFORWARD COMPILATION OF MARKET BASKET WEIGHTED PRICE RISES FOR LOWER- AND MIDDLE-INCOME URBAN WAGE EARNING GROUPS (SEE REFS) WOULD INDICATE COST-OF-LIVING RISE DURING 1976 OF SOME ONE-FOURTH TO ONE-THIRD. IN ABSENCE OF FIRM DATA ON INCREASED INCOME GENERATION IN ECONOMY TO COMMENSURATE DEGREE, HOWEVER, EMBASSY BELIEVES IT MORE LIKELY THAT PRICE INCREASES HAVE LARGELY RESULTED IN MODIFICATION OF SPENDING PATTERNS AMONG THESE INCOME
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 CAIRO 00768 141339Z

GROUPS. HIGHER COSTS OF FOOD, TOBACCO AND TRANSPORTATION ALMOST CERTAINLY HAVE BROUGHT ABOUT REDUCTION IN FUNDS AVAILABLE FOR CLOTHING, EDUCATION, MEDICAL EXPENSES, ETC. SPENDING ON HOUSING, WE BELIEVE, PROBABLY HAS REMAINED RELATIVELY STABLE PORTION OF FAMILY BUDGET.

3. REVIEW OF MOST RECENT AVAILABLE IMF STATISTICAL DATA

SHOWS INFLATIONARY EFFECT OF INCREASED MONEY SUPPLY. TOTAL DOMESTIC LIQUIDITY ROSE ABOUT EIGHT PERCENT FIRST NINE MONTHS OF 1976; MONEY IN CIRCULATION INCREASED BY NINE PERCENT IN SAME PERIOD; DEMAND DEPOSITS ROSE TWENTY-FOUR PERCENT AND TIME DEPOSITS, THIRTY PERCENT. INCREASES SINCE END OF 1973, BASE PERIOD FOR REFERENCE AND STUDIES, ARE OF STARTINGLY LARGE MAGNITUDE.

4. COMMENT: ALTHOUGH PUBLICLY-KNOWN INSTANCES OF POPULAR UNREST OVER COST-OF-LIVING ISSUE HAVE BEEN RARE AND UNCOORDINATED DURING PAST YEAR, PRICE SPIRAL CONTINUES AND PRESSURES ARE BUILDING FOR HIGHER WAGES. THE FEW KNOWN PROTEST INCIDENTS TO NOT TELL WHOLE STORY; NUMEROUS DISTURBANCES OCCASIONED BY WAGE-PRICE SQUEEZE ARE HUSHED UP BY GOE OR GO UNREPORTED. IT IS IN THIS SETTING THAT GOE IS FACED WITH EARLY DECISION ON IMF REFORM PROGRAM GENERALLY CONCEDED TO HAVE INFLATIONARY IMPLICATIONS FOR ECONOMY.

5. AIRGRAM FOLLOWS WITH FURTHER DETAIL.
MATTHEWS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COST OF LIVING, LIVING CONDITIONS, RETAIL PRICE INDEXES
Control Number: n/a
Copy: SINGLE
Sent Date: 14-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977CAIRO00768
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770014-1107
Format: TEL
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770152/aaaabtmq.tel
Line Count: 83
Litigation Code IDs:
Litigation Codes:
Litigation History: Hold (001 Tobacco) added on 4/16/2009 3:39:03 PM by WASHDCMcGoldRJ, Hold (001 Tobacco) removed on 4/16/2009 3:45:09 PM by WASHDCMcGoldRJ (Litigation Hold Lifted)
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: a2f804da-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 CAIRO A-47, 76 CAIRO 4236
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 21-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3600235
Secure: OPEN
Status: NATIVE
Subject: COST OF LIVING REVIEW, EGYPT
TAGS: ECON, EFIN, EG
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/a2f804da-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009